NEWLY APPOINTED DIRECTORS

QUARTERLY REPORT – FIRST QUARTER 2007

Pontenuovo di Magenta, 11 May 2007

The Board of Directors of Reno De Medici S.p.A., met today, approved the Quarterly Report for the quarter ended on 31 March 2007; appointed the Chairman, the Vice Chairman and the Managing Director; and established the Committees in line with the Corporate Governance of the Company.

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NEWLY APPOINTED DIRECTORS

Following the Shareholders' meeting resolution of last May, 8 the Board of Directors proceed with the appointment of Mr. Giuseppe Garofano, as **Chairman**, Mr. Carlo Peretti and Mr. Bruno Pavesi, as **Vice Chairmen** and Mr. Emanuele Rossini, as **Managing Director**, of Reno De Medici S.p.A..

The Board also established the **Internal Control Committee**, which consists of the directors: Mr. Carlo Peretti, Chairman, Mr. Vincenzo Nicastro and Mr. Francesco Zofrea; as well as the **Remuneration Committee**, which consists of the directors: Mr. Riccardo Ciardullo, Chairman, Mr. Vincenzo Nicastro and Mr. Carlo Peretti.

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CONSOLIDATED RESULTS AT 31 MARCH 2007

- **Net revenues**: 90.4 million euros, compared to 85.2 million euros at March 2006 (+6.1%).

- **Gross operating profit (EBITDA)**: 7.6 million euros, compared to 7.8 million euros at March 2006 (-2.8%).

- **Operating profit (EBIT)**: 2.4 million euros, compared to 2.0 million euros at March 2006 (+20,6%).

- **Pre-tax result[1]:** is positive for 0.2 million euros compared to a loss of 2.1 million euros at March 2006.

- **Net result for the period**: is negative for 0.8 million euros (negative for 3.2 million euros at the end of March 2006).

- **Net financial debt**: 128.8 million euros compared to 127.1 million euros at the end of December 2006.

The results for the first quarter of 2007 are a reflection of the performance of the Reno De Medici Group (the “RDM Group” or the “Group”) after the substantial completion in 2006 of the restructuring and reorganisation phase set in motion in previous years. The result for the period is therefore not affected by costs arising from discontinued operations which were a feature of the Group’s operations last year in particular.

The signs emerging from the market in these early months of 2007 indicate that there is a growth in demand and this leads to believe that the increase in prices aimed at improving margins and recovering the rises in energy costs incurred over the past few years will be sustained. In this context, the RDM Group has increased ordered volumes by 9% in the quarter ended 31 March 2007 compared to the same period of the previous year, with sales prices increasing by 3%.

The RDM Group achieved **net revenues** of 90.4 million euros in the first quarter of 2007, compared to 85.2 million euros in the corresponding period of the previous year (up 6.1%). The increase in turnover is a reflection of both the rise in sales volumes and increases in prices; in particular the quantities despatched in the first quarter of 2007 amount in total to 181 thousand tonnes compared to 176 thousand tonnes for the first quarter of last year, with average sales prices higher by 3% over that quarter.

EBITDA at a consolidated level closed at 7.6 million euros for the quarter compared to 7.8 million euros for the first quarter of 2006 (a drop of 2.8%), with a production margin[2] in line with that for the same period of last year.

The performance of EBITDA continues to reflect the impact of energy costs which remain at high levels (of particular mention is the fact that the unit price of methane, despite being essentially in line with its price for the final quarter of 2006, has risen by 15% if compared to that for the first quarter of last year); in addition, the EBITDA result has also been significantly been affected by pressures on the cost of procuring fibrous raw materials in the first part of this year. Nonetheless, the increased revenues referred to above and the efficiencies achieved in the production process have enabled the impact of the increased costs of supplies to be absorbed.

Moreover, the favourable performance of the market in which we operate has made it possible for us to take further action on unit sales prices, which we have already announced and which will produce their effects in the second half of this year.

[1] See the consolidated financial statements of the RDM Group - “Profit (loss) for the period” gross of “Taxation”.
[2] See the consolidated financial statements of the RDM Group - “Revenues from sales” plus “Changes in stock of finished goods”.

EBIT of 2.4 million euros was earned for the quarter (after depreciation and amortisation of 5.2 million euros), compared to 2.0 million euros (after depreciation and amortisation of 5.9 million euros) in the first quarter of the previous year.

The **pre-tax result** has returned to being positive again due to the lower charge for depreciation and amortisation, with a profit of 0.2 million euros being realised in 2007 compared to the loss of 2.1 million euros incurred in the first quarter of 2006.

In addition, the result for the first quarter of 2006 included in discontinued operations the results of the Prat facility together with those of the Magenta MC1 board machine; the net economic contribution made by operations transferred as part of the demerger to the recipient company RDM Realty S.p.A. and the related costs for the demerger and the resulting listing of RDM Realty S.p.A.; and certain additional accessory costs connected with the sales of Europoligrafico S.p.A. and Aticarta S.p.A., which led in total to an overall charge for the item of 1.1 million euros.

There was a **net loss** after taxation and after discontinued operations of 0.8 million euros compared to a net loss of 3.2 million euros for the first quarter of 2006, with the tax charge amounting to 1.0 million euros (1.1 million euros for the first quarter of 2006).

The RDM Group made investments in fixed assets of 1.4 million euros during the first quarter of 2007 (1.5 million euros for the first quarter of 2006).

Consolidated **net financial debt** at 31 March 2007 amounts to 128.8 million euros, compared to 127.1 million euros at 31 December 2006 and 166.6 million euros at 31 March 2006.

In particular, gross financial debt at 31 March 2007 measured at amortised cost amounted to 138.8 million euros (compared to 138.3 million euros at 31 December 2006) and includes the non-current portion of 80.9 million euros of long-term loans, the current portion of 10.4 million euros of long-term loans and bank facilities of 47.5 million euros, mostly made up of advances on trade receivables.

Derivative instruments acquired for cash flow hedge purposes are recognised in the consolidated balance sheet at an asset value of 0.2 million euros.

Cash, cash equivalents and financial receivables falling due within 12 months at 31 March 2007 total 9.8 million euros (compared to 11.4 million euros at 31 December 2006) and include a restricted balance of 5 million euros relating to the Grupo Torras dispute.

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SIGNIFICANT EVENTS AND OUTLOOK FOR OPERATIONS

The work involved in shipping the Prat MC3 was virtually completed in the first quarter while the dismantling of the plant at the Pompeii facility began during the period.

There was a considerable increase in orders acquired at 30 April 2007, with volumes rising by 16% over the same period of 2006 and average sales prices being higher by 3% than the average for last year taken as a whole.

CONSOLIDATED FINANCIAL STATEMENTS[3]

Consolidated profit and loss account		31.03.2007	31.03.2006
	Euro/000		
Revenues from sales		90,353	85,173
Other revenues		598	933
Changes in stocks of finished goods		(4,626)	1,834
Cost of raw materials and services		(64,950)	(65,662)
Staff costs		(13,143)	(13,424)
Other operating costs		(628)	(622)
Income (expense) from non-current assets held for sale		-	(387)
Unusual income (expense)		16	(3)
Gross Operating Profit (EBITDA)		**7,620**	**7,842**
Depreciation and amortisation		(5,231)	(5,861)
Recovery of value and write-downs of assets		-	-
Operating Profit (EBIT)		**2,389**	**1,981**
	Financial expense	(2,486)	(3,607)
	Exchange differences	(29)	(45)
	Financial income	125	398
Financial income (expense), net		(2,390)	(3,254)
Income from investments		198	441
Other income (expense)		(7)	(171)
Taxation		(1,027)	(1,104)
Profit (loss) for the year before discontinued operations		**(837)**	**(2,107)**
	Gains (losses) from disposals, net	-	-
	Loss for the period	-	(1,059)
Discontinued operations		-	(1,059)
Profit (loss) for the year		**(837)**	**(3,166)**
Attributable to:			
Profit (loss) for the year pertaining to the group		(897)	(3,266)
Profit (loss) for the year pertaining to minority interests		60	100

[3] This quarterly report has not been audited by the Independent Auditors.

Consolidated balance sheet	31.03.2007	31.12.2006
Euro/000		
ASSETS		
Non-current assets		
Tangible fixed assets	174,684	177,571
Investment property	-	-
Goodwill	146	146
Other intangible assets	2,055	2,338
Investments accounted for under the equity method	10,028	10,818
Deferred tax assets	832	892
Derivative financial instruments	222	83.00
Financial assets held for sale	516	471
Trade receivables	76	76
Other receivables	5,037	4,969
Total non-current assets	**193,596**	**197,364**
Current assets		
Stocks	84,233	89,775
Trade receivables	107,251	100,758
Other receivables	6,237	9,106
Derivative financial instruments	77	77
Financial assets held for sale	8	8
Liquid funds	7,962	9,536
Total current assets	**205,768**	**209,260**
Other non-current assets held for sale	**11,297**	**11,392**
TOTAL ASSETS	**410,661**	**418,016**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity attributable to the group	114,437	114,978
Minority interests	642	576
Shareholders' equity	**115,079**	**115,554**
Non-current liabilities		
Bank loans and other financial liabilities	80,814	80,789
Derivative financial instruments	13	14.00
Other payables	32,759	32,759
Deferred tax liabilities	8,232	7,699
Employees' leaving entitlement	17,551	17,235
Non-current provisions for contingencies and charges	5,524	6,175
Total non-current liabilities	**144,893**	**144,671**
Current liabilities		
Bank loans and other financial liabilities	57,934	57,481
Derivative financial instruments	129	350
Trade payables	78,662	86,560
Other payables	13,784	13,368
Current taxation	180	32
Total current liabilities	**150,689**	**157,791**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**410,661**	**418,016**

Consolidated net financial position	31.03.2007	31.12.2006	Variation
Euro/000			
Cash and cash equivalents and short term financial receivables	9,815	11,389	(1,574)
Short term financial payables	(57,934)	(57,481)	(453)
Valuation of current portion of derivatives	(52)	(273)	221
Short-term financial position	**(48,171)**	**(46,365)**	**(1,806)**
Long term financial receivables	-	-	-
Long term financial payables	(80,814)	(80,789)	(25)
Valuation of non-current portion of derivatives	209	69	140
Net financial position	**(128,776)**	**(127,085)**	**(1,691)**

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